

Issue 76: INSIDER'S EDGE: MAGI Relationship-Based Rules Continued

Welcome back, Insiders! Today we'll be taking a look at some additional scenarios involving the MAGI Relationship-Based Rules. I've included a brief refresher for those who may not remember all the details from *Issue 75*. Already up to speed on the rules? Feel free to skip ahead to the end to see how these scenarios work out!

Dear Marge,

Can you tell me what would happen in the following scenarios?

1) John is married to Jane and lives with Jane's mother. They have no children. John does not plan to file taxes. Does Jane's mother count in John's household?

2) Peter is 17 and lives with his married parents, Joe and Kate. Joe and Kate plan to file taxes separately and only Joe plans to claim Peter as a tax dependent. Do we still count Kate towards Peter's household?

--Inquisitive Insider

A Quick Refresher: Relationship-Based Rules

For purposes of determining eligibility for insurance affordability programs including Medicaid, in most cases the household includes the people who file federal income taxes together for the taxable year in which the eligibility determination is made.

- Tax filer is head of household and usually primary applicant;
- Tax filer's spouse (must file jointly for APTC/CSR);
- Anyone else the tax filer will claim as a tax dependent (i.e. claim a personal exemption deduction for) on that year's tax return.
 - For example, the taxpayer's older children will count toward the family size if the taxpayer claims them as a dependent *even if* they don't live at home.

There are a number of situations in which the household rules used to determine Medicaid eligibility are different from the general tax-based household rules. When these exceptions arise, the Medicaid household for the applicant is constructed based on the relationships between family members who live together and is not based on tax filing relationships.

So what exceptions trigger use of the relationship-based rules for Medicaid eligibility determinations?

Application of Relationship-Based Rules
1) Applicant is not planning to file taxes.
2) Individual is claimed as a dependent by person who is not a parent or stepparent, for example, a grandparent or other caretaker relative.
3) Child, under age 21, lives with both parents, but only one parent will claim the child as a tax dependent.
4) Child, under age 21, lives with a custodial parent but will be claimed as a tax dependent by a noncustodial parent.

If one of the exceptions above is triggered, how is the household constructed using the relationship-based rules?

For adults, a household must consist of:

- Adult applying for coverage;
- Adult's married spouse, if living with the applicant; and
- Adult's natural, adopted and stepchildren, or any child for whom they act as a caretaker, up to age 21, if living with the adult.

For children (under age 21), a household must consist of:

- A child applying for coverage.
- Any of the child's parents or stepparents (or adoptive parents), if living with the child.
- Any of the child's siblings or stepsiblings (or adoptive siblings) under age 21 and living with the child.
- If the child is married, the spouse (if the spouse is living with the child); and if the child has their own children, the children and step-children (if living with the married child).

This Week's Questions



1) John is married to Jane and lives with Jane's mother. They have no children. John does not plan to file taxes. Does Jane's mother count in John's household?

No. This scenario triggers relationship-based rule #1:

- Applicant is not planning to file taxes.

In this case, since John is an adult, the adult relationship-based rules will apply. In John's household, we count John and his wife Jane since they are married and living together. We would also count any children that John and Jane have, but they do not have any.

Under the adult relationship-based rules, we do not count Jane's mother in John's household since she is not John's spouse or child.



2) Peter is 17 and lives with his married parents, Joe and Kate. Joe and Kate plan to file taxes separately and only Joe plans to claim Peter as a tax dependent. Do we still count Kate towards Peter's household?

Yes. This scenario triggers relationship-based rule #3:

- Child, under age 21, lives with both parents, but only one parent will claim the child as a tax dependent.

Since Peter is under 21, we use the child relationship-based rules. In Peter's household, we count Peter and both his parents, since he lives with both of them.

Additional Information

For additional information on the relationship-based rules, see:

- *Issue 75: INSIDER'S EDGE: Issue 70 REVISED--When do the MAGI Relationship-Based Rules Apply?*
- *Issue 67: INSIDER'S EDGE: Adult Dependents Who Are Not Children or Spouses*

Have a question? Send it my way: dhmh.medicaidmarge@maryland.gov.